

Message Text

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PAGE 01 BAGHDA 00488 201114Z

53

ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 EA-11 EB-11 COME-00 INT-08 IO-13

CIAE-00 INR-10 NSAE-00 RSC-01 L-03 DRC-01 /096 W

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R 141235Z DEP 73

FM USINT BAGHDAD

TO SECSTATE WASHDC 527

INFO AMEMBASSY BEIRUT

AMEMBASSY KUWAIT

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

C O N F I D E N T I A L BAGHDAD 0488

EO 11652: GDS

TAGS: ENRG, IZ

SUBJECT: INOC DEEP SEA TERMINAL

1. LOCAL CFP REP BAREILLES TOLD ME THAT JAPANESE GROUP LED BY NIPPON STEEL, ITALIAN GROUP, AND GERMAN GROUP HAVE BEEN ELIMINATED AND THAT CONTRACT FOR INOC DEEP SEA TERMINAL IS NOW BETWEEN BROWN AND ROOT AND ETPM (ENTREPOSE AND GRANDS TRAVEAUX DE MAR-SEILLE). JAPANESE AMBASSADOR CONFIRMED THAT NIPPON STEEL HAD WITHDRAWN BECAUSE IRAQIS KEPT MAKING CHANGES IN TENDER. PROJECCCT IS ESTIMATED TO COST ABOUT 300 MILLION DOLLARS AND INCLUDES PIPELINE FROM NORTH RUMAILA TO FAO, STORAGE AT FAO, SEALINE AND DEEP SEA TERMINAL ITSELF. IT MUST BE CAPABLE OF HANDLING 40 MTA BY 1976 AND EXPANDABLE TO 80 MTA. EACH BIDDER HAD TO SUBMIT ENGINEERING PLAN. STATE CONTRACTING COMPANY FOR OIL PROJECTS (SCCOP) IS INSISTING THAT SCCOP ACT AS ENGINEER-ARBITER BETWEEN INOC AND CONTRACTOR. BAREILLES SAID THIS IS UNACCEPTABLE TO ETPM WHICH INSISTS THAT ENGINEER BE INDEPENDENT. SCCOP ALSO INSISTING THAT STATE CONSTRUCTION BUT THIS ALSO UNACCEPTABLE TO ETPM.

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PAGE 02 BAGHDA 00488 201114Z

2. BAREILLES TOLD ME IN STRICT CONFIDENCE THAT SCCOP HAD ASKED ETPM IF IT WOULD SHARE CONTRACT. ETPM HAD REPLIED THAT IT WOULD IF IT COULD APPROVE PARTNERS. IT WOULD REFUSE IF PARTNERS-TO-BE WERE ITALIANS AND PREFERRED AMERICANS. SCCOP NEGOTIATORS HAD BEEN SHOCKED AT FIRST, BUT BAREILLES THINKS THERE IS POSSIBILITY THAT BROWN AND ROOT AND ETPM WILL SHARE CONTRACT, IF BOTH WILLING.

3. BPC GENERAL DIRECTOR ALLAN GILLAM TOLD ME SEPT 15 THAT INOC TERMINAL TO BE ABOUT 20 MILES OFF SHORE FROM MOUTH OF SHATT AL-ARAB AND ABOUT 10 MILES WEST OF KHOR AL-AMAYA. HE UNDERSTANDS ONE OF MAJOR IRAQI REASONS FOR WANTING LEASE TO BUBIYAN ISLAND IS TO ENABLE INOC TO LAY LAND LINE ON BUBIYAN AND THEN HAVE ONLY ABOUT 5 MILES OF SEA LINE TO SAME TERMINAL LOCATION, THUS SAVING SUBSTANTIAL TIME AND MONEY.
LOWRIE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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30 JUN 2005

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